find a doctor for his child, but he has no trouble finding one for his canine acquaintance.

Now, the reason for that is the administrative pricing system that really is dictated by our Medicare system. And I think Dr. Swerlick really hits the nail on the head. He says, ''The roots of this problem lie in the use of an administrative pricing structure in medicine. The way prices are set in health care already distort the appropriate allocation of efforts and resources in health care today. Unfortunately,'' he goes on to say, ''many of the suggested reforms in our health care system, including various plans for universal care or universal insurance or a single-payer system that various policymakers espouse, rest on the same unsound foundations and will produce more of the same.''

He goes on to say, ''The essential problem is this: The pricing of medical care in this country is either directly or indirectly dictated by Medicare.'' We have a system of Federal price controls in medicine in this country.

Again, continuing to quote, ''Rather than independently calculate prices, private insurers in this country almost universally use Medicare prices as a framework to negotiate payments, generally setting payments for services as a percentage of the Medicare fee schedule.''

This is an extremely important point, Mr. Speaker, and one that I don't think Members of this body truly grasp. It is so important, we are going to revisit it again in a minute when we talk about Medicare pricing and what is happening in the physician realm. But remember that, because that is an extremely important point.

Medicare administrators set the prices. Private insurance companies in this country tend to follow suit. So when you say we have got a market-based economy in health care, really nothing could be further from the truth.

''And,'' as Dr. Swerlick goes on to say, ''unlike prices set on market conditions, the errors created are not self-correcting. Markets may not get the prices exactly correct all of the time, but they are capable of self-correction, a capacity that has yet to be demonstrated by administrative pricing.''

Again, he goes on to associate this with the system that was in place in the old Soviet Union, and in fact correctly relates some of the problems in the old Soviet economy to the reason the old Soviet Union is not with us any longer. So we really need to pay careful attention to that.

Transparency, I think that is something that we talk about a lot, but we don't spend nearly the time focusing on the issue as we should. Transparency between pricing for physicians and hospitals is essential. We want to go to a system where there is more consumer-directed health care, where consumers are more informed. But in order for consumers to be informed, they have to have the ability to go and get the data.

Right now, the opacity built into the pricing structure between physicians and hospitals is significant, and, as a consequence, it becomes very, very difficult for the patient, the health care consumer, to be able to make those determinations.

The other aspect that enters into it, of course, is the issue of physician quality. Sometimes that is an intangible. Sometimes that is something that is difficult to know just from visiting a Web site or checking data that may be available, and that may be the word of mouth type of information that is delivered from one patient to another. A wait time, for example, in one office that is much longer than in another office, you might be willing to pay a little bit more to wait a little bit less time, or you might be willing to wait a little bit more time if the care delivered in that office is truly exemplary.

Now, Texas has taken some steps to make this more of a reality. I think people would like the ability for comparison. In fact, they would like to be able to go on-line for that comparison. I think Travelocity For Health Care, wouldn't that be a powerful tool to put into people's hands.

An example in Texas is what is called Texas Price Point. There is a Web site, www.txpricepoint.org, which was created to provide basic demographic quality and charge information on Texas hospitals and to promote additional or ready access to consumer and hospital information and the appropriate interaction that could occur as a result of that.

The program is very new. The data sometimes is a little too sparse, but it is a program that will build on itself over time and one that will I think provide significant utility to patients in Texas. And I believe other States have other programs. I think Florida has a program that is up and running. These are going to be critical. Some insurance companies have developed their own programs, and that will provide a critical knowledge base for patients who are covered by those insurance companies.

One of the things that is going to affect affordability, even accessibility as far as physicians are concerned, is what I alluded to earlier with the Medicare pricing.

Mr. Speaker, we had reported to us from the Center for Medicare and Medicaid Services the first of this month, not even 2 weeks ago, that the proposed physician payment cuts for next year will be just a little bit over 10 percent for doctors across-the-board in this country. That is untenable. Doctors cannot be expected to sustain that type of reduction.

There is no telling what it does to a physician's ability to plan. A physician's office, after all, is a small business, and if they are going to be facing this type of price reduction, it is very difficult to plan. Do you hire a new nurse, do you purchase a new piece of equipment, do you take on a new partner, when year over year the Medicare system visits this type of travesty upon physicians? And this Congress, through both Republican majorities and now Democratic majorities, and Democratic majorities that preceded 1994, have refused to deal with this issue in a way that corrects it once and for all and gets us past the problem.

The difficulty is that year over year, the physician pricing is set by a formula called the sustainable growth rate formula, and year over year for the past 5 years and projected for 10 years into the future, every year there is a cut to physician reimbursement.

Now, you might say that doctors earn enough money and it is the Medicare system, so what harm is there in that? Let's go back for just a moment to Dr. Swerlick's article about administrative pricing.

''Again,'' he said, ''the essential problem is this. The pricing of medical care in this country is either directly or indirectly dictated by Medicare, and Medicare uses an administrative formula, the sustainable growth rate formula, which calculates appropriate prices based upon imperfect estimates and fudge factors. Rather than independently calculate prices, private insurers in this country almost universally use Medicare prices as a framework to negotiate payments, generally setting payments for services as a percentage of the Medicare fee structure.''

So, let's think about that, Mr. Speaker. What happens on January 1 if this House does not take some action to prevent that 10 percent reduction in physician payments? What happens on January 1 is all of those insurance contracts that peg to Medicare reimbursement rates, all of those are going to be reduced by a factor of about 10 percent, or in some cases a little bit more. If a plan pays 120 percent of Medicare and Medicare is reduced 10 percent, that plan will reduce a concomitant amount, which will be a little bit in excess of 10 percent for their pricing on their physician services.

Again, it has ripples and effects far beyond, far beyond what it would be affected just by the Medicare system. And it leads to a problem, it leads to a problem of what happens with the physician workforce.

Now, just a little over 2 years ago, when Alan Greenspan, the former Chairman of the Federal Reserve Board here in Washington, DC, was retiring and sort of made a tour around the Capitol, sort of a one last victory lap around the Capitol, and came and met with a group of us one morning, the question was inevitably asked, what do we do about Medicare? What do we do about the liabilities, the future liabilities in Medicare? How are we going to meet those obligations?

The chairman thought about it for a moment and then said, you know, I think when the time comes, Congress will take the action necessary and that the Medicare system will endure, will